

Portland General Electric Company

REQUEST FOR PROPOSALS

Issued: August 22, 2001

INTRODUCTION

Portland General Electric Company (PGE) is requesting bid proposals for retail marketing services and renewable power or tradable renewable credits (TRCs) sufficient to meet the needs of PGE customer enrollments for the period from March 1, 2002 to December 31, 2003. Proposals are due by 5:00 p.m. on September 28, 2001.

Pursuant to the Oregon Public Utility Commission (OPUC) adoption of Portfolio Options contained in ORS 757.603(2), OAR 860-038-0220 (refer to OPUC Order 01-337 at <http://www.puc.state.or.us/orders/2001ords/01-337.pdf>.) PGE is seeking to purchase Marketing Services and Renewable Energy or TRCs in support of the Company's portfolio option offers of (1) a blended renewable product and (2) a habitat friendly block product.

TRCs consist of the non-energy attributes associated with the power generated from a qualified renewable resource and are expressed on a one megawatt-hour (MWh) basis. Appendix A contains a description of TRC's. TRC's and their aggregated attributes are generated remotely and provided to PGE renewable portfolio customers. TRCs or Renewable Energy must meet or exceed the requirements for the blended and the environmental mitigation portfolio options per OPUC Order 01-337 discussed below.

Retail marketing services and Renewable Energy or TRC resources obtained from these RFP's will be used for the Renewable Energy blended portfolio option and the environmental mitigation option block product. Bidders can propose to provide marketing and energy products for any one or both of these portfolio options. These retail-marketing requirements have been developed in cooperation with the Oregon Public Utility Commission and the Portfolio Advisory Committee.

PGE in conjunction with another Oregon utility will conduct a comprehensive customer education and awareness program to introduce Senate Bill (SB) 1149 portfolio options to residential and small commercial customers prior to March 1, 2002. This portfolio education and awareness campaign will include direct mail and mass media.

PGE currently markets several renewable power products, including Salmon Friendly Power, within its service territory. Ongoing marketing of these renewable energy products involve bill inserts, booths at exhibitions and environmental events, direct mail, coupon promotions, co-promotions with natural food stores and customer newsletters. Several non-profit partners also provide marketing support.

PGE believes that renewable power products certified by the Center for Resource Solutions (CRS) Green-e program provide a superior consumer product that will increase customer participation.

PGE in cooperation with other Renew 2000 stakeholder are currently working to make Green-e certified renewable energy product available to Oregon utility customers.

Bids proposing to supply energy products that conform to all CRS's Green-e standards in a cost-effective manner will be given preference.

The environmental mitigation offer consists of a block of renewable energy or TRCs bundled with a \$2.50 donation to For the Sake of the Salmon. Respondents are responsible for working collaboratively with For the Sake of the Salmon and other non-profit groups who may become responsible for the habitat mitigation portfolio offer through future portfolio bidding processes.

Respondents will be required to work cooperatively with PGE's ongoing portfolio education program. PGE has budgeted approximately \$440,000 for marketing of portfolio options to customers within its service territory beginning October 1, 2001.

REQUESTED ENERGY PRODUCTS

Energy Option. For purposes of this RFP a renewable energy blend refers to the Renew 2000 definition of the blended Renewable Energy product (see Appendix B).

Bids to supply renewable energy for either of these two portfolio options must be delivered to a mutually agreeable point in PGE's Service Territory during on peak and/or off peak. Renewable energy for the blended product must be equal to 50% of the customer's load, with the remainder of the energy for that product provided by PGE.

Tradable Renewable Credits (TRCs) Option. Bids to supply TRCs for either or both the blended product and the habitat mitigation offer must describe the contract chain used to assist in documenting reporting rights for the TRCs.

TRCs for the blended renewable product must be of sufficient quantity to equal 50% of the enrolled customer's energy usage. Energy for that product will be provided by PGE.

TRCs for the habitat friendly portfolio option must be sufficient to equal 100 kWh per month for each block purchased by a customer.

RETAIL MARKETING SERVICES REQUIREMENTS

Successful bidders will have a direct financial incentive to provide effective marketing of these options since revenues from these offers are a function of increased customer participation. Effective marketing includes increased customer knowledge and awareness of these portfolio options.

Bidders will submit detailed marketing plans for one or both of these offers. These marketing plans may involve the use of mass media, customer communications and public outreach activities associated with the goal of increased customer participation. However, respondents are at liberty to suggest additional methods, channels or approaches.

Respondents should have demonstrated experience partnering with local environmental and community groups as a means of validating PGE's renewable power portfolio options. Specific requirements for these retail-marketing services are listed below under RFP Requirements.

RFP REQUIREMENTS

- Bidders must describe respondent's demonstrated success in marketing energy services to the green consumer, including; number of years experience, description of green products (including blended and/or block products), industry recognition and trade group awards, references from environmental and community groups and governments.
- Respondents must include market research that supports the bidder's customer satisfaction and perceived value claims.
- Bids that do not propose to deliver renewable energy to a mutually agreeable point in PGE's service territory during on peak and/or off peak periods will not be considered.
- Proposals must at a minimum meet the renewable resource standards for the blended and environmental mitigation options as adopted by the Commission. Bids to provide renewable resources for both the blend and the environmental mitigation option that meet the Green-e standards are preferred.
- Proposals to provide TRCs must describe the contract chain used to assist in documenting reporting rights for TRCs. Appendix C contains a Sample Green Tag Attestation.
- Proposals must contain a detailed description of marketing services and all marketing costs.
- Information regarding creditworthiness including the names of the legal entity making the proposal, two years of audited financial statements (if available), and three credit references.
- Proposals must state the source of the energy or TRCs, whether from contracts, market purchases, or owned or shared generation resources. The resource must be specifically identified.
- Proposals may be submitted for either the blended renewable option or the environmental mitigation option or both.
- Bidders should demonstrate knowledge of the western wholesale and retail energy market with specific emphasis on renewable portfolio options in Oregon.
- Respondents should document market experience providing renewable energy or TRC's by including actual penetration rates over specified periods, including clients lists indicating the supply duration and amount where this information is not deemed proprietary or confidential by contracts. Include buyer references, if available.
- Bidders must deliver renewable energy or TRCs within two years from the date of purchase of the renewable portfolio option. Bids to deliver renewable energy or TRCs within the Green-e required one-year "true-up" period are preferred.
- Bidders must deliver to PGE renewable energy or TRCs in amounts that meet the renewable energy content associated with the actual quantity of energy (or blocks) purchased by enrolled customers during the term of the agreement.
- Prices for TRCs and energy (expressed as a price per MWh) should be either fixed for the delivery period or stated as "not to exceed" price.
- Respondents of renewable energy must be a member of WSPP (Western Systems Power Pool) or document their ability to schedule power and operate under industry standards established by FERC, WSCC, and NERC.

EVALUATION CRITERIA AND WEIGHTINGS

Bid proposals will be evaluated as follows:

- (1) Overall price of renewable portfolio offer will carry a weighting of 20%.
- (2) Ability to work in collaboration with PGE Portfolio Education and Renewable Power marketing programs will carry a weighing of 5%.
- (3) Weighting for bids that contain renewable energy or TRC's that meet the requirements contained in OPUC Order 01-337 for the blended and the environmental mitigation offer is 15%.
- (4) Respondents' demonstrated ability to market and deliver renewable energy products will carry a weighting of 10%.
- (5) Evaluation of proposed marketing plan will carry weighting of 10%.
- (6) Respondent's experience in developing renewable energy product markets will carry a weighting of 10%.
- (7) Bidders' appeal to consumers will carry a weighting of 5%.
- (8) Implementation costs will carry a weighting of 5%.
- (9) Creditworthiness will carry a weighting of 15%.
- (10) Origin of TRCs or renewable energy resources with preference to those located within WSCC will carry a weighting of 5%.

PGE may award a contract on the basis of proposals submitted, without discussions, or may negotiate further with those Respondents at its sole discretion. Proposals should be submitted on the most favorable terms the Respondent can provide.

PGE will perform an initial review of the proposals to determine if all required information has been provided. Where deficiencies are not material, PGE may, in its sole discretion, grant a period of five (5) working days to the Respondent to cure such deficiencies.

After the proposals have been reviewed and evaluated, selected Respondents may be asked to make a presentation of their proposal to PGE and respond to questions concerning the proposal. After the interviews and the evaluation are completed, one or more Respondents may be requested to enter into contract negotiations.

In order to ensure proper consideration to special provisions of the proposal, respondents should explain in detail any provisions that may not be obvious. It is critical that proposals be clear and concise as to what is offered.

Upon completion of the selection process, all bidders will be advised of the status of their bid and, if unsuccessful, encouraged to participate during the next bid process. The final contract will include performance requirements to assure compliance with contractual commitments.

PGE estimates that the total required quantity of TRCs or energy for the term of the agreement is approximately 20,000 to 40,000 MWh; however, this estimate should not be construed to establish upper or lower limits for the RFP.

VALIDITY OF PRICE AND QUANTITY

The bidder's price and quantity proposals shall cover the period from March 1, 2002 until 12:00 p.m. PDT on December 31, 2003.

CREDIT AND BIDDER QUALIFICATIONS

Proposals should include the legal name of the entity making the proposal, two years of audited financial statements (if available) and three credit references as well as the RFP requirements listed above. All transactions are contingent upon the Bidder meeting and maintaining the credit requirements established by the PGE Credit Department. All information required to evaluate and establish credit will remain strictly confidential between the Bidder and PGE.

SPECIFIC BID PROPOSAL INFORMATION

Proposals should include the following information:

- The bidder's complete legal name.
- Two years of audited financial statements (if available).
- Three credit references.
- The address of the bidder's principal place of business.
- The name, address, telephone number and facsimile number of a representative who is authorized to represent the bidder in all communications with PGE.
- The name, address, telephone number and facsimile number of a representative who is authorized to execute letter agreements, MOUs, or contracts under the submitted proposal with PGE.
- A description of the bidder's general background and principal business.
- A detailed marketing plan for the Blended and Salmon Friendly Power program in the PGE service territory
- Proposed marketing channels and rationale.
- Bidders will deliver attestations for all of the Green Tags within 30 days of generation of the actual MWh with which said Green Tags are associated. Green tags will not be paid for until PGE receives such attestation. Appendix C contains an example of a required attestation.
- Documented retail-marketing experience including average customer acquisition costs.
- Proposed customer service plan for signups, customer inquiries and integration with PGE customer service center.

TECHNICAL QUESTIONS

Technical questions regarding this RFP should be directed to Thor Hinckley in one of the following ways:

(503) 464-8089 Telephone
(502) 464-7863 FAX
thor_hinckley@pgn.com E-MAIL

SUBMISSION OF BIDS

Respondents should provide an original bid document, signed by a duly authorized representative of the bidder, to PGE no later than 5:00 p.m. PDT on September 28 , 2001 at the following location:

Portland General Electric Co.
Thor Hinckley
121 S.W. Salmon Street, 1WTC-0801
Portland, Oregon 97204

Respondents may also submit E-MAIL copies of their proposals addressed to thor_hinckley@pgn.com by the due date followed up with an original hardcopy in accordance with the terms specified above. No oral or telephonic Proposals will be considered.

Bids received after the deadline may be considered at PGE's sole discretion, but first priority will be given to bids received by the deadline.

PGE intends to review the bids received and notify successful bidders by 5:00 p.m. October 15, 2001. At that time, PGE and the successful bidders will execute a letter of confirmation of the principal terms and conditions of the transaction. The parties would then proceed expeditiously to finalize and execute a definitive agreement covering the transaction. The executed agreement would be filed with any appropriate regulatory agencies.

PGE DISCLAIMER

This RFP shall not be construed as an offer, and PGE is not bound, to purchase Marketing Services, Renewable Energy or TRCs from any Bidder pursuant to this RFP. No rights shall be vested in any bidder, individual or entity by virtue of its preparation to participate in, or its participation in, such process. No binding commitment shall arise on the part of PGE to any bidder under this RFP until and unless the parties' sign a definitive written agreement that becomes effective in accordance with its terms and which is filed with any appropriate regulatory agencies.

PGE shall not be responsible to pay any costs incurred by bidders in the preparation of their proposal. The bids received will be evaluated and selected based on the supplied information, including any supplemental information, submitted pursuant to this RFP. PGE expressly reserves the right to modify, or withdraw from, the processes initiated and described herein, or modify the schedule and any provision contained herein, for any reason at its sole discretion.

PGE reserves to itself the selection of winning bidders, if any, in the exercise of its sole discretion; the right to reject any and all bids, and any portion of a specific bid for any reason, as well as the right to waive any informality or irregularity in any bid received by it. PGE also reserves the right to award an agreement to a bidder based on factors other than price.

PGE will make available to the Public Utility Commission of Oregon documentation on the evaluation process and scoring utilized to determine the winning bid and supporting its selection. This information will be subject to appropriate confidentiality.

Appendix A

Tradable renewable credits (TRCs) or Green Tags consist of the non-energy attributes associated with the power generated from a qualified renewable resource. TRCs represents the non-power attributes made available by the generation of renewable resources. TRCs are typically denominated in 1 MWh increments, during a calendar year, by either one or more Endorsed Resources.

Reporting Right(s) refers to the report accumulated annual non-power attributes in compliance with Federal or state law, if applicable, and to a Federal or state agency or any other party at the Green Tag Purchaser's discretion.

Non-Power Attributes means the fuel, emissions, or other environmental characteristic of an Endorsed Resource deemed of value by a TRC purchaser. Non-Power Attributes do not include any energy, reliability, scheduling, shaping or other power attributes used by Seller to provide electricity services. Non-Power Attributes include but are not limited to any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and any other pollutant that is now or may in the future be regulated under the pollution control laws of the United States; and further include any avoided emissions of carbon dioxide (CO₂) and any other greenhouse gas (GHG) that contributes to the actual or potential threat of altering the Earth's climate. Non-Power Attributes are expressed in MWh, and are not a calculation of the quantity or value of avoided emissions from such attributes.

Seller certifies that the Non-Power Attributes that are the subject of the certified Green Tag have not been sold, reserved, or conveyed to any other party, and that the electric power generated in association with Green Tags has not been represented to retain or possess such Non-Power Attributes.

Appendix B

Definition of a Significant Renewable Energy Product (from Renew 2000 requirements):

- Levels for a renewable energy product containing "significant new" resources. That is, a block product must contain 100 percent renewable resources, and a blended product must contain at least 15 percent new renewable resources.

Definition of a Blended Renewable Resource Product (from Renew 2000 requirements):

- Product must contain a minimum of 50 percent renewable resources. The minimum required use of new renewable resources is 15 percent of the total content.
- The new renewable energy requirement may be counted toward the overall 50 percent renewable energy requirement.
- The remaining 50 percent must have air emissions and spent fuel rates that do not exceed the kilowatt averages for the electricity generating system as defined by state requirements or regional practice, except that the average kilowatt rate for carbon dioxide must meet the Oregon siting standard.
- The blended renewable resource product provides 100 percent of the customer's load.

New Renewable Resource Power: certified products must meet certain minimum standards for the supply of new eligible renewable energy (kWh). Renewable energy generated in response to any federal or state statutory requirement to construct or contract for the renewable energy is not eligible as new. New renewable resources are those (1) placed in operation (generating electricity) on or after May 1, 1999, therefore excluding electricity generated by that part of the Wyoming, Foote Creek Wind Project fully in service before May 1, 1999; (2) repowered on or after May 1, 1999 such that at 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or (3) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to May 1, 1999, such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility. Any enhancement of a fuel source that increases generation at an existing facility, without the construction of a new or repowered, separately metered generating unit, is not eligible to participate.

Renewable Resources: Eligible renewable technologies that may be used to supply certified green power marketing programs include the following: low emissions biomass - including landfill and sewage gas, geothermal, certified low impact hydroelectric, solar, wind and fuel cells using a renewable fuel.

For the purposes of the Certification process a system benefit charge (SBC), a requirement to collect funds, is not considered a statutory requirement to construct or contract.

Appendix C

SAMPLE Green Tag Attestation

Generator Name	Generator ID Number	Fuel Type	KWh of Energy	Period Delivered

As an authorized agent of Selling Company Name ("the Power Provider"), I declare under penalty of perjury, that the information provided on this form is true and correct to the best of my knowledge. I further declare that the green tags environmental attributes a) are from eligible renewable generators where energy is claimed as renewable, b) were not sold to any end-use customer, c) were not used for on-site generation, and d) were sold to PGE and only to PGE. I attest that the above statements are true and correct.

Signature: _____ Date: _____

Name: _____ Title: _____

Place of Execution:

The information provided in this Form may be used by PGE and its auditors, on a confidential basis, to substantiate and/or verify the accuracy of advertising and/or product content claims of PGE or its customers. PGE shall be entitled to disclose publicly the fact that it purchased energy or environmental attributes from the generating units identified herein.